



# Iowa Department of Human Services

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## INFORMATIONAL LETTER NO.1538

**DATE:** August 28, 2015

**TO:** Iowa Medicaid Home and Community-Based Services (HCBS) Waiver Providers, Case Managers, Department of Human Services (DHS) Service Workers and Supervisors and Service Area Managers

**FROM:** Iowa Department of Human Services (DHS), Iowa Medicaid Enterprise (IME)

**RE:** Staff Training as a Direct Operating Expense

**EFFECTIVE:** Upon Receipt

An Iowa Administrative Code (IAC) rule change took effect July 1, 2015, that impacts the cost reporting of direct care staff training expense. The new rule allows the reasonable costs of direct care staff training to be treated as direct care costs, rather than as indirect administrative costs for cost reporting (see 441 IAC 79.1(15)b(9)). Training as direct costs is applicable to HCBS services that require the submission of an annual cost report to the IME Provider Cost Audit Unit.

### Definition of Reasonable Costs of Direct Care Staff Training:

The reasonable costs of direct care staff training may include, but is not limited to, the following:

- On the Job Instruction: Salaries expense incurred by direct care staff trainees shadowing experienced direct care staff during site visits with members.
- Formal Direct Care Staff Training: Salaries expense incurred by direct care staff while participating in any formal in-house and outside training required or approved by a provider. Training may include web-based training such as the required Brain Injury training or the training modules available through the College of Direct Support. In addition to salaries, direct staff training costs may include registration fees, certification fees, workbooks and supplies and the reasonable cost of transportation associated with direct staff training.

The goal of such trainings must be to enrich the direct care worker skill set and improve the quality of care provided to Medicaid members.

To be considered a direct care cost of the HCBS program, the expense associated with training must relate directly to staff whose primary function is to provide direct care support and assistance to HCBS members or to provide support, supervise, and/or fill-in for direct care workers (Line 2120 or 2130 staff on the cost report) .

## **Documentation of Actual Annual Direct Training Expense:**

Documentation of expenses related to direct care training must be maintained to support the expense reported on the HCBS Annual Financial and Statistical Report. Appropriate forms of documentation may include the following:

- Continuing education certificates showing CEU's earned
- Training seminar invoices
- Detailed mileage logs showing date, purpose of trip (must be identifiable to a specific training), beginning and ending mileage, and the name of the direct care worker receiving training
- Detailed payroll reports showing total direct care hours spent in formal training and on the job instruction, by employee
- Supply invoices

Please note the above list is not a comprehensive list of appropriate types of documentation.

## **Supplemental Schedule D-4 (Form 470-3449):**

Supplemental Schedule D-4 has been updated to reflect two new expense lines:

- *Line 2140 – Direct Care Training:*

The training expense reported on line 2140 may include salary expense for time spent in formal training and on the job instruction. The number of training hours direct care employees incur should be separately tracked to support total direct care training salaries reported on the annual HCBS cost report.

Expense reported on line 2140 may only be reported for direct care staff whose primary function is to provide direct care to Medicaid members or support and/or supervise direct care staff.

- *Line 3330 – Direct Care Development and Training:*

The training expense reported on line 3330 may include the cost of training workbooks and supplies, course fees, and certification fees. Transportation expense related to direct care training should be reported on Schedule D, line 3210 – Mileage and Auto Rental.

In addition to the above two lines, individual rate sheet templates of Supplemental Schedule D-4 now include a field for entering the number of direct care staff training hours included in the projected rate. The form instructions have been updated to reflect the above changes.

Providers should submit projected rates with an effective date of July 1, 2015, and after using the updated Supplemental Schedule D-4 form. This form can be found on the [DHS website](http://dhs.iowa.gov/ime/providers/forms)<sup>1</sup>.

## **Annual HCBS Financial and Statistical Report:**

The FYE 2016 annual HCBS Financial and Statistical Report will be updated to reflect new expense lines, 2140 – Direct Care Training and 3330 – Direct Care Development and Training, on Schedule D: Expense Report and HCBS Supplemental Schedule D-2: Calculation of Indirect Costs.

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<sup>1</sup> <http://dhs.iowa.gov/ime/providers/forms>

HCBS Supplemental Schedule D-2: Calculation of Indirect Costs will be updated to include the expense reported on Lines 2140 and 3330 in the subtotal of direct costs before calculating the indirect costs limitation.

The FYE 2016 HCBS Annual Financial and Statistical Report will be released to providers early August 2016.

Should you have any questions, please contact the IME Provider Cost Audit and Rate Setting Unit at (515) 256-4610 or (866) 863-8610, or via email at [costaudit@dhs.state.ia.us](mailto:costaudit@dhs.state.ia.us).